

Overview

Anthem Blue Cross and **Memorial Care Health System (“Memorial Care”)** have been engaged in negotiations for several months to reach reasonable contractual language and reimbursement rates that are beneficial to both organizations. Unfortunately, Anthem Blue Cross and Memorial Care were unable to reach agreement and the contract **terminated effective 12:00AM, August 15, 2017**.

Memorial Care includes the following hospitals:

- Long Beach Memorial Medical Center
- Community Hospital of Long Beach
- Miller Children’s and Women’s Hospital of Long Beach
- Orange Coast Memorial Medical Center (050678)
- Saddleback Memorial Medical Center (050603)

How Members are Affected

1. What Anthem Blue Cross products are affected by this hospital termination?

This termination affects the out-of-pocket obligations for City of Long Beach employees who are enrolled in either the Anthem Blue Cross HMO or PPO medical plan(s), and receive care at Memorial Care. Anthem has been working with physicians who admit to Memorial Care so they can arrange for admissions to alternate facilities on behalf of PPO members. Primary Care Physicians (PCP) managing HMO members are also handling this process on behalf of the HMO members they cover. *Please note: Retirees enrolled in the Anthem Medicare Supplement plan are not affected by this contract termination.*

2. Will members be notified about the contract termination?

Within five days after the hospitals’ termination from the network, Anthem Blue Cross notified subscribers who personally accessed or had a covered family member access Memorial Care within the last 12 months. In addition, members authorized or scheduled for a service or procedure at Memorial Care were notified. The letters instruct members to call the Customer Service number on their ID card if they are in a current course of treatment at Memorial Care or have questions or concerns about the contract termination. The letters state the following legally-required message regarding completion-of-covered-services/continuity-of-care:

If you have been receiving care from a health care provider, you may have a right to keep your provider for a designated time period. Please contact the Anthem Blue Cross customer service department, and if you have further questions, you are encouraged to contact the Department of Managed Health Care, which protects HMO/PPO consumers, by telephone at its toll-free number, 1-888-HMO-2219, or at a TDD number for the deaf or hard of hearing at 1-877-688-9891, or online at www.hmohelp.ca.gov.

Note: Anthem Blue Cross does not mail notices to members enrolled in a self-funded plan, such as the City’s Anthem Blue Cross PPO plan (however, this does not preclude member eligibility for continuation of covered services).

3. How are Anthem Blue Cross HMO members affected by Memorial Care’s contract termination?

All non-emergency hospital services must be approved by the HMO member’s participating medical group/IPA. If approved, Anthem Blue Cross will cover the claim at the member’s in-network benefit levels. If not approved by the member’s participating medical group/IPA, the claim will be denied, as stated in the members *Evidence of Coverage* (EOC).

4. How do members know if their doctor will be affected by this hospital termination?

Many doctors have admitting privileges at more than one hospital. Just because a member's doctor may have admitting privileges at Memorial Care does not necessarily mean that a doctor cannot treat his or her patients at another participating hospital.

Physicians, Medical Groups, and Alternate Hospitals

5. What other participating hospitals are located in the Memorial Care service area?

Anthem Blue Cross has a statewide hospital network of over 300 acute care facilities. The *Find a Doctor* function at **www.anthem.com/ca** can be used to locate a participating hospital in a specific area. The list of alternate participating general acute care hospitals within the vicinity of each terminating Memorial Care hospital is available for your reference. For a **complete** list of contracting hospitals, as well as ambulatory surgical centers and other ancillary facilities, please visit the Anthem Blue Cross website at **www.anthem.com/ca**. Customer Service representatives can check the provider database for a physician's admitting privileges at another nearby in-network facility. Members should confirm the information they receive with their treating physician. Every effort will be made to assist members in determining their choices and understanding the potential financial consequences of seeking care with a provider that is not in the Anthem Blue Cross provider network.

6. Will Anthem Blue Cross notify contracted physicians and admitting HMO medical groups about the contract termination?

On June 5th, Anthem Blue Cross mailed letters to admitting HMO medical groups and contracted physicians who maintain privileges/affiliations at Memorial Care that explained the pending contract termination. These letters encouraged physicians to obtain alternate admitting privileges and/or arrange for the redirection of members to alternate participating hospitals.

Additional letters to admitting HMO medical groups and contracted physicians were mailed immediately following the hospitals' termination to inform them that the contract did in fact terminate while again asking that they gain alternate admitting privileges if they have not already done so.

In addition, the letters describe the conditions concerning when members can be admitted to Orange Coast Memorial Medical Center and Saddleback Memorial Medical Center. The California Department of Managed Health Care ("DMHC") required Anthem to inform admitting physicians and medical groups that patients with a benefit plan regulated by the DMHC can continue to be referred Orange Coast Memorial Medical Center and Saddleback Memorial Medical Center for services after the August 15, 2017, contract termination date under the following circumstances:

Orange Coast Memorial Medical Center:

- For any medically necessary services that cannot be scheduled at an alternate Hospital or other in-network contracted hospital facility, within a reasonable geographic distance, in a timely manner consistent with good professional practice.
- For any medically necessary services that are available at Orange Coast Memorial Medical Center, but not available at any Alternate Hospital or other in-network contracted hospital facility within a reasonable geographic distance, *including, but not limited to, Abortion services.*
- For any medically necessary services when due to an insufficient number of providers or hospitalists with active admitting privileges at the alternate hospitals, an enrollee may not be admitted to an Alternate Hospital or other

in-network contracted hospital facility within a reasonable geographic distance, in a timely manner consistent with good professional practice.

- For any medically necessary services when due to an insufficient capacity at the Alternate Hospitals, an enrollee may not be admitted to an Alternate Hospital or other in-network contracted hospital facility within a reasonable geographic distance, in a timely manner consistent with good professional practice.

Saddleback Memorial Medical Center:

- For any medically necessary services that cannot be scheduled at an alternate Hospital or other in-network contracted hospital facility, within a reasonable geographic distance, in a timely manner consistent with good professional practice.
- For any medically necessary services that are available at Saddleback Memorial Medical Center, but not available at any Alternate Hospital or other in-network contracted hospital facility within a reasonable geographic distance, *including, but not limited to, Coronary ICU, Open Heart Surgery, Cardiac Catheterization, Labor and Delivery, Abortions and Hemodialysis services.*
- For any medically necessary services when due to an insufficient number of providers or hospitalists with active admitting privileges at the alternate hospitals, an enrollee may not be admitted to an Alternate Hospital or other in-network contracted hospital facility within a reasonable geographic distance, in a timely manner consistent with good professional practice.
- For any medically necessary services when due to an insufficient capacity at the Alternate Hospitals, an enrollee may not be admitted to an Alternate Hospital or other in-network contracted hospital facility within a reasonable geographic distance, in a timely manner consistent with good professional practice.

HMO medical groups and contracted physicians have agreed in their contracts to admit members to Anthem Blue Cross participating hospitals to ensure that each member receives the maximum benefit level under his or her benefit agreement.

As the *Prudent Buyer Participating Physician Agreement* (the “Provider Agreement”) requires PPO physicians to maintain privileges at a participating hospital, physicians with exclusive admitting privileges to Memorial Care Health System have been informed that they need to obtain admitting privileges at an alternate participating hospital prior to August 15, 2017, in order to continue the Provider Agreement. This ensures that any necessary transition is as smooth and seamless as possible for them, their patients (our members) and the alternate participating hospital.

Post-Termination Care

7. What if a member was in-patient at Memorial Care on the day the contract terminated?

If a member is in-patient at 11:59 PM the day before the contract terminated, then the member will continue to receive uninterrupted care at Memorial Care until he or she is discharged. In addition, the member’s in-network benefit levels will apply for the entire in-patient stay.

8. What about members who need to complete a course of treatment, have a scheduled procedure, or need an out-of-network referral for medically necessary services at Memorial Care following the termination?

California law provides for completion of covered services/continuity of care for certain medical conditions following a provider’s termination if, among other things, the provider and the plan agree on a rate of payment. The current contract between Anthem Blue Cross and Memorial Care has provisions that cover members for continuity of care/completion of covered services after the contract terminates. It is always Anthem Blue Cross’s intent to be prepared by having a *Continuity-of-Care Agreement* in place sufficient to meet the requirements of Health & Safety

Code Section 1373.96. Anthem Blue Cross will comply with applicable requirements for completion of covered services/continuity of care in accordance with the law. If a member began a course of treatment at Memorial Care before the contract termination date for one of the following conditions, the member or his/her physician can request continuity of care by calling the Anthem Blue Cross Customer Service Department:

- Members in an active course of treatment for an acute medical or behavioral health condition
- Members in an active course of treatment for a serious chronic condition
- Members who are pregnant, regardless of trimester
- Members with a terminal illness
- Members who are newborn children between the ages of birth and 36 months
- Members with a surgery or other procedure that was authorized by Anthem or a delegated provider (HMO medical group) prior to the termination date and scheduled to occur within 180 days after the termination date.

Eligibility for continuity of care depends on factors outlined in the member's EOC. Continuity of care/completion of covered-services will be considered by the Anthem Blue Cross Transition Assistance Department on a case by case basis. When a case is approved, the claim(s) is/are processed at in-network benefit levels.

Note: HMO members wishing to request continuity of care/completion of covered services would not contact Anthem because all medical management is delegated to the provider group. HMO members should contact their participating medical group.

9. What if the member does not qualify for an out-of-network referral? Can the member choose to go to Memorial Care anyway?

PPO Members:

Members who elect to receive care at a non-contracting facility may be responsible for higher out of pocket expenses depending on benefit plan design for non-authorized services as stated in the member's EOC.

HMO Members:

All services must be approved by the member's participating medical group/IPA. If approved, the claim will be covered at the member's in-network coverage schedule of benefits. If not approved by the member's participating medical group/IPA, and services are received at Memorial Care, the claim may be denied as stated in the member's EOC.

Contracted providers and HMO participating medical groups and IPAs that admit patients to Memorial Care have been informed about the contract termination so that Anthem Blue Cross members may be admitted to participating network facilities following the contract's termination date.

10. If a member does not have access to an alternate participating provider or a particular service is not available elsewhere, can he or she receive that service from Memorial Care?

Anthem Blue Cross assures its members that they will have timely access to care. If a service is not available at an alternate participating provider, PPO members may request an out-of-network referral by contacting Customer Service. Requests will be reviewed on a case by case basis pursuant to the Anthem Blue Cross out-of-network referral policy. When an out-of-network referral is approved by Anthem Blue Cross, the member's in-network benefit levels will apply. However, because Memorial Care will no longer participate in the Anthem Blue Cross provider network, members may be responsible for higher out of pocket expenses, depending on their benefit plan. Every effort will be made to assist

members in understanding the potential financial consequences of the decision to seek services from a non-participating provider.

11. What about members who need emergency medical care at Memorial Care following the contract's termination date?

A hospital's emergency medical services do not require pre-authorization, regardless of where they are delivered. Memorial Care must provide services for members requiring emergency care. Coverage will be provided according to the member's policy benefits.

Anthem Blue Cross encourages members to make informed decisions about when to use urgent care as opposed to emergency room care. Urgent care is appropriate when a member needs a physician's attention for a condition that is non-life threatening. Any member needing urgent care, but whose physician or network provider is unavailable, should go to the nearest immediate or urgent care facility.

Contract Negotiations

12. What is the status of the negotiations between Anthem Blue Cross and Memorial Care?

Anthem Blue Cross does not share details of its confidential contract negotiations with the public. Our primary goal during contract negotiations is to ensure we are compensating hospitals fairly, while assuring the best access to health care at an affordable price for our members. We take protecting our members from exceedingly high medical costs very seriously and cannot agree to a contract that puts further pressure on the rising cost of health care paid by our customers.

13. Don't hospital negotiations usually work themselves out after the contract termination date?

Negotiations often do work themselves out after the contract termination date, but that is not always the case. Anthem is working collaboratively with Memorial Care as well as the PPO physicians and medical groups that maintain admitting privileges to the hospital, to ensure a smooth transition for our members.